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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

10 In re:
11 WEST COAST GROWERS, INC.,
12 Debtor.

Case No. 15-11079

Chapter 11

DC No. KDG-1

Emergency Hearing Date: March 26, 2015
Emergency Hearing Time: 3:00 p.m.
Place: United States Bankruptcy Court
2500 Tulare Street, Fifth Floor
Department B, Courtroom 12
Fresno, California
Judge: Honorable W. Richard Lee

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**DECLARATION OF CHARLOTTE E. SALWASSER IN SUPPORT OF MOTION TO
USE CASH COLLATERAL AND GRANT ADEQUATE PROTECTION**

19 I, CHARLOTTE E. SALWASSER, declare:

20 1. I am Vice President, Secretary, and Chief Financial Officer of WEST COAST
21 GROWERS, INC. ("Debtor"), and Debtor's designated representative in this case. Debtor's
22 management is in possession of Debtor and continues its management post-petition as "Debtor-
23 in-possession." I am over the age of eighteen years and competent to testify. I make this
24 declaration in support of Debtor-in-possession's (hereafter, "Debtor") *Motion to Use Cash*
25 *Collateral and Grant Adequate Protection* ("the Motion").

26 2. Debtor's "Cash Collateral" consists of: (a) money on deposit (\$0); (b) cash on
27 hand (minimal); (c) accounts receivable (\$1,183,610.76); and (d) inventory (\$7,627,784 –
28 resale value).

1 3. Debtor was incorporated on June 25, 1993. George Salwasser is Debtor's Chief
2 Executive Officer and President. The shares of Debtor are owned 100% by Salwasser, Inc. The
3 shares of Salwasser, Inc., are owned 50% by George Salwasser and 50% by me. I filed my
4 personal Chapter 11 case on February 26, 2015. Salwasser, Inc. filed its Chapter 11 case on
5 March 20, 2015.

6 4. Debtor commenced business on August 1, 1993 in Kerman, Fresno County,
7 California, for the sole purpose of processing and distributing bulk California raisins in
8 partnership with Mariani Packing Company. Originally known as Mariani Raisin, the company
9 became a worldwide player in the raisin market with all of the processing and shipping done
10 from its plant in Kerman, California. In August of 2004, Debtor parted ways with Mariani
11 Packing Company and began processing raisins under the name West Coast Growers, Inc.

12 5. Debtor receives incoming raw fruit (raisins) from local growers and it cleans,
13 processes, and ships them worldwide. Since 2004, Debtors processing volume has increased
14 from a 3,400 ton average to an average of over 20,000 tons in 2014. In 2012, Debtor processed
15 about 32,000 tons of raisins. Debtor currently employs 50 people on a full time basis year
16 round, including three insiders, with a seasonal increase which is historically accommodated
17 through the use of a temporary service.

18 6. Debtor's primary assets are its accounts receivable, raisin inventory, machinery
19 and equipment, ingredients and packing materials, and bins and boxes. Debtor leases its real
20 property from Salwasser, Inc. Before filing for relief under Chapter 11, Debtor's operations
21 were financed primarily by Central Valley Community Bank ("CVCB"). Debts to CVCB are
22 secured by a security interest in Debtor's personal property, including a junior lien against the
23 Cash Collateral. A true and correct copy of the UCC-1 Financing Statements filed with the
24 California Secretary of State by CBB is included in the *Exhibits to Motion to Use Cash*
25 *Collateral and Grant Adequate Protection* ("Exhibits") as Exhibit "B."

26 7. Based on the loan and security documents with CVCB, Debtor believes CVCB
27 has a blanket lien against the Cash Collateral and other personal property owned by Debtor.

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1 Based on Prepetition Security Documents, loan statements, and the representations of CVCB,
2 Debtor believes the debt owed to CV CB as of March 18, 2015, is \$37,938,995.47.

3 8. CVCB's lien extends to the assets owned by George Salwasser and me, and
4 Salwasser, Inc., as well as assets owned by Debtor. Debtor believes CVCB is fully or almost
5 fully secured by collateral owned by Charlotte and George Salwasser, and Salwasser, Inc.
6 CVCB has a junior-priority lien against the cash collateral. CVCB also has a lien against
7 Debtor's equipment. Further, as will be discussed below, Growers are under-secured in
8 Debtor's cash collateral. Because Growers have a senior-priority lien against Debtor's cash
9 collateral, CVCB is factually unsecured in the cash collateral.

10 9. Debtor does business with about 58 growers (the "Growers"). Debtor believes
11 the Growers hold a producers lien against their raisins delivered in 2014. Debtor believes it is a
12 "producer" as defined in the Producer's Lien law, and the Producers Lien attaches to the
13 product Growers delivered to Debtor, and the product's sale proceeds. Debtor believes the
14 Growers' Producers Lien is a higher priority lien than CVCB's security interest. Based on
15 Debtor's *Schedule D – Creditors Holding Secured Claims*, the debt payable to Growers is
16 about \$ 12,958,885.20 (non-insider Growers only; including Salwasser, Inc., the debt is
17 \$15,006,382.13).

18 10. Debtor believes Growers were under-secured on the petition date. Growers'
19 raisin security is about \$7,627,784 (resale value), which represents 3,514.64 tons of raisins at
20 Debtor's plant and at the port, and about \$1,183,610.76 in accounts receivable. Debtor intends
21 to continue to process the inventory, sell the product, and generate and collect accounts
22 receivable. Growers' lien will continue to attach to the raisins in inventory, and to the raisin-
23 sale proceeds. Growers' liens will not attach to new inventory delivered by other farmers post-
24 petition, because those farmers' liens will attach to the new crop.

25 11. Debtor also owes a debt to growers that delivered raisins in 2012 and 2013.
26 Because Debtor does not have any 2012 or 2013 raisins in inventory, and none of the accounts
27 receivable arise from the sale of 2012 or 2013 raisins, Debtor believes unpaid raisin growers
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1 who delivered raisins in 2012 and 2013 are unsecured. Those growers are listed on Debtor's
2 *Schedule D*, with the year's crop notated. Some growers are owed debts for multiple years.

3 12. Debtor expects to move quickly in proposing a plan of reorganization, but
4 Debtor cannot determine with certainty the timetable for filing a plan of reorganization. Debtor
5 intends to sell its business as a going concern as a part of its case. In the interim, Debtor seeks
6 the Court's authorization to use Cash Collateral from the petition date through the date of
7 confirmation of the Debtor's Plan of Reorganization. However, to avoid immediate and
8 irreparable harm, pending a final hearing on the Motion, Debtor requests interim authorization
9 to use cash collateral on a semi-monthly basis as set forth in the budget attached as Exhibit "A"
10 to the Exhibits (the "Budget").

11 13. Debtor requests interim authorization to use \$199,991 from March 22 through
12 March 28 (with a 10% variance), and \$278,8756 from March 29 through April 4 (with a 10%
13 variance), and \$204,941 from April 5 through April 11 (with a 10% variance), and \$224,121
14 from April 12 through April 18 (with a 10% variance), through a final hearing on the Motion
15 as described in the Budget. Each item on the Budget was carefully considered and deemed by
16 Debtor to be necessary to Debtor's continued operation. Before a final hearing on this Motion,
17 Debtor will submit budgets covering the period beyond the initial period, through the date of
18 confirmation of the Debtor's Plan of Reorganization. Debtor will request continued use at the
19 final hearing on the Motion.

20 14. The immediate and irreparable harm that will befall Debtor if it does not obtain
21 the use of Cash Collateral is (a) Debtor will be unable to clean, process, and ship the raisins in
22 inventory, (b) Debtor will be unable to pay its employees, and (c) Debtor will be unable to pay
23 its utility bills, all of which would cause immediate crises to Debtor's ability to maintain its
24 business, and effectively shut Debtor down.

25 15. Debtor offers Growers adequate protection for using its cash collateral. Debtor
26 will provide Growers with adequate protection by caring for and maintaining the Growers'
27 inventory collateral, including continuing to process and sell the raisins in inventory, which
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1 will generate accounts receivable from which to pay Growers. Debtor will pay all funds over
2 the expenses noted in the Budget to Growers on account of their liens.

3 16. Debtor will provide CVCB with adequate protection by paying the Growers'
4 senior-priority lien against cash collateral; and providing monthly financial reports to CVCB,
5 and allowing reasonable inspection of its operations, if requested by CVCB.

6 17. The foregoing statements are within my personal knowledge and I can testify
7 competently thereto if called as a witness.

8 I declare under penalty of perjury that the foregoing statements are true and correct.

9 Dated: March 23, 2015

10 Charlotte E. Salwasser
11 CHARLOTTE E. SALWASSER

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